

110TH CONGRESS
1ST SESSION

H. R. 2233

To provide for special transfers of funds to States to promote certain improvements in State unemployment compensation laws.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2007

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for special transfers of funds to States to promote certain improvements in State unemployment compensation laws.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Unemployment Insur-
5 ance Modernization Act”.

6 **SEC. 2. SPECIAL TRANSFERS TO STATE ACCOUNTS IN THE**
7 **UNEMPLOYMENT TRUST FUND.**

8 (a) IN GENERAL.—Section 903 of the Social Security
9 Act (42 U.S.C. 1103) is amended by adding at the end
10 the following:

1 “Special Transfers in Fiscal Years 2008 Through 2012
2 for Modernization

3 “(f)(1)(A) In addition to any other amounts, the Sec-
4 retary of Labor shall provide for the making of unemploy-
5 ment compensation modernization incentive payments
6 (hereinafter ‘incentive payments’) to the accounts of the
7 States in the Unemployment Trust Fund, by transfer from
8 amounts reserved for that purpose in the Federal unem-
9 ployment account, in accordance with succeeding provi-
10 sions of this subsection.

11 “(B) The maximum incentive payment allowable
12 under this subsection with respect to any State shall, as
13 determined by the Secretary of Labor, be equal to the
14 amount obtained by multiplying \$7,000,000,000 times the
15 same ratio as is applicable under subsection (a)(2)(B) for
16 purposes of determining such State’s share of any funds
17 to be transferred under subsection (a) as of October 1,
18 2007.

19 “(C) Of the maximum incentive payment determined
20 under subparagraph (B) with respect to a State—

21 “(i) one-third shall be transferred to the ac-
22 count of such State upon a certification under para-
23 graph (4)(B) that the State law of such State meets
24 the requirements of paragraph (2); and

1 “(ii) the remainder shall be transferred to the
2 account of such State upon a certification under
3 paragraph (4)(B) that the State law of such State
4 meets the requirements of paragraph (3).

5 “(2) The State law of a State meets the requirements
6 of this paragraph if such State law—

7 “(A) uses a base period that includes the most
8 recently completed calendar quarter before the start
9 of the benefit year for purposes of determining eligi-
10 bility for unemployment compensation; or

11 “(B) provides that, in the case of an individual
12 who would not otherwise be eligible for unemploy-
13 ment compensation under the State law because of
14 the use of a base period that does not include the
15 most recently completed calendar quarter before the
16 start of the benefit year, eligibility shall be deter-
17 mined using a base period that includes such cal-
18 endar quarter.

19 “(3) The State law of a State meets the requirements
20 of this paragraph if such State law includes provisions to
21 carry out at least 2 of the following subparagraphs:

22 “(A) An individual shall not be denied regular
23 unemployment compensation under any State law
24 provisions relating to availability for work, active
25 search for work, or refusal to accept work, solely be-

1 cause such individual is seeking only part-time (and
2 not full-time) work, except that the State law provi-
3 sions carrying out this subparagraph may exclude an
4 individual if a majority of the weeks of work in such
5 individual's base period do not include part-time
6 work.

7 “(B) An individual shall not be disqualified
8 from regular unemployment compensation for sepa-
9 rating from employment if that separation is for
10 compelling family reasons. For purposes of this sub-
11 paragraph, the term ‘compelling family reasons’ in-
12 cludes at least the following:

13 “(i) Domestic violence (verified by such
14 reasonable and confidential documentation as
15 the State law may require) which causes the in-
16 dividual reasonably to believe that such individ-
17 ual's continued employment would jeopardize
18 the safety of the individual or of any member
19 of the individual's immediate family.

20 “(ii) The illness or disability of a member
21 of the individual's immediate family.

22 “(iii) The need for the individual to accom-
23 pany such individual's spouse—

1 “(I) to a place from which it is im-
2 practical for such individual to commute;
3 and

4 “(II) due to a change in location of
5 the spouse’s employment.

6 “(C) Weekly unemployment compensation is
7 payable under this subparagraph to any individual
8 who is unemployed (as determined under the State
9 unemployment compensation law), has exhausted all
10 rights to regular and (if applicable) extended unem-
11 ployment compensation under the State law, and is
12 enrolled and making satisfactory progress in a
13 State-approved training program or in a job training
14 program authorized under the Workforce Investment
15 Act of 1998. Such program shall prepare individuals
16 who have been separated from a declining occupa-
17 tion, or who have been involuntarily and indefinitely
18 separated from employment as a result of a perma-
19 nent reduction of operations at the individual’s place
20 of employment, for entry into a high-demand occu-
21 pation. The amount of unemployment compensation
22 payable under this subparagraph to an individual for
23 a week of unemployment shall be equal to the indi-
24 vidual’s average weekly benefit amount (including
25 dependents’ allowances) for the most recent benefit

1 year, and the total amount of unemployment com-
2 pensation payable under this subparagraph to any
3 individual shall be equal to at least 26 times the in-
4 dividual's average weekly benefit amount (including
5 dependents' allowances) for the most recent benefit
6 year.

7 “(4)(A) Any State seeking an incentive payment
8 under this subsection shall submit an application therefor
9 at such time, in such manner, and complete with such in-
10 formation as the Secretary of Labor may by regulation
11 prescribe, including information relating to compliance
12 with the requirements of paragraph (2) or (3), as well as
13 how the State intends to use the incentive payment to im-
14 prove or strengthen the State's unemployment compensa-
15 tion program. The Secretary of Labor shall, within 90
16 days after receiving a complete application, notify the
17 State agency of the State of the Secretary's findings with
18 respect to the requirements of paragraph (2) or (3) (or
19 both).

20 “(B) If the Secretary of Labor finds that the State
21 law provisions (disregarding any State law provisions
22 which are not then currently in effect as permanent law
23 or which are subject to discontinuation under certain con-
24 ditions) meet the requirements of paragraph (2) or (3),
25 as the case may be, the Secretary of Labor shall thereupon

1 make a certification to that effect to the Secretary of the
2 Treasury, together with a certification as to the amount
3 of the incentive payment to be transferred to the State
4 account pursuant to that finding. The Secretary of the
5 Treasury shall make the appropriate transfer within 30
6 days after receiving such certification.

7 “(C)(i) No certification of compliance with the re-
8 quirements of paragraph (2) or (3) may be made with re-
9 spect to any State whose State law is not otherwise eligible
10 for certification under section 303 or approvable under
11 section 3304 of the Federal Unemployment Tax Act.

12 “(ii) No certification of compliance with the require-
13 ments of paragraph (3) may be made with respect to any
14 State whose State law is not in compliance with the re-
15 quirements of paragraph (2).

16 “(iii) No application under subparagraph (A) may be
17 considered if submitted before October 1, 2007, or after
18 the latest date necessary (as specified by the Secretary of
19 Labor in regulations) to ensure that all incentive pay-
20 ments under this subsection are made before October 1,
21 2012.

22 “(5)(A) Except as provided in subparagraph (B), any
23 amount transferred to the account of a State under this
24 subsection may be used by such State only in the payment
25 of cash benefits to individuals with respect to their unem-

1 ployment (including for dependents' allowances and for
2 unemployment compensation under paragraph (3)(C)), ex-
3 clusive of expenses of administration.

4 “(B) A State may, subject to the same conditions as
5 set forth in subsection (c)(2) (excluding subparagraph (B)
6 thereof, and deeming the reference to ‘subsections (a) and
7 (b)’ in subparagraph (D) thereof to include this sub-
8 section), use any amount transferred to the account of
9 such State under this subsection for the administration
10 of its unemployment compensation law and public employ-
11 ment offices.

12 “(6) Out of any money in the Federal unemployment
13 account not otherwise appropriated, the Secretary of the
14 Treasury shall reserve \$7,000,000,000 for incentive pay-
15 ments under this subsection. Any amount so reserved shall
16 not be taken into account for purposes of any determina-
17 tion under section 902, 910, or 1203 of the amount in
18 the Federal unemployment account as of any given time.
19 Any amount so reserved for which the Secretary of the
20 Treasury has not received a certification under paragraph
21 (4)(B) by the deadline described in paragraph (4)(C)(iii)
22 shall, upon the close of fiscal year 2012, become unre-
23 stricted as to use as part of the Federal unemployment
24 account.

6 “Special Transfers in Fiscal Years 2008 Through 2012
7 for Administration

8 “(g)(1) Notwithstanding any other provision of this
9 section, the total amount available for transfer to the ac-
10 counts of the States pursuant to subsection (a) as of the
11 beginning of each of fiscal years 2008, 2009, 2010, 2011,
12 and 2012 shall be equal to the total amount which (dis-
13 regarding this subsection) would otherwise be so available,
14 increased by \$100,000,000.

“(2) Each State’s share of any additional amount made available by this subsection shall be determined, certified, and computed in the same manner as described in subsection (a)(2) and shall be subject to the same limitations on transfers as described in subsection (b). For purposes of applying subsection (b)(2), the balance of any advances made to a State under section 1201 shall be credited against, and operate to reduce (but not below zero)—

23 “(A) first, any additional amount which, as a
24 result of the enactment of this subsection, is to be

1 transferred to the account of such State in a fiscal
2 year; and

3 “(B) second, any amount which (disregarding
4 this subsection) is otherwise to be transferred to the
5 account of such State pursuant to subsections (a)
6 and (b) in such fiscal year.

7 “(3) Any additional amount transferred to the ac-
8 count of a State as a result of the enactment of this sub-
9 section—

10 “(A) may be used by the State agency of such
11 State only in the payment of expenses incurred by
12 it for—

13 “(i) the administration of the provisions of
14 its State law carrying out the purposes of sub-
15 section (f)(2) or any subparagraph of sub-
16 section (f)(3);

17 “(ii) improved outreach to individuals who
18 might be eligible for regular unemployment
19 compensation by virtue of any provisions of the
20 State law which are described in clause (i);

21 “(iii) the improvement of unemployment
22 benefit and unemployment tax operations; and

23 “(iv) staff-assisted reemployment services
24 for unemployment compensation claimants; and

1 “(B) shall be excluded from the application of
2 subsection (c).

3 “(4) The total additional amount made available by
4 this subsection in a fiscal year shall be taken out of the
5 amounts remaining in the employment security adminis-
6 tration account after subtracting the total amount which
7 (disregarding this subsection) is otherwise required to be
8 transferred from such account in such fiscal year pursuant
9 to subsections (a) and (b).”.

10 (b) REGULATIONS.—The Secretary of Labor may
11 prescribe any regulations necessary to carry out the
12 amendment made by subsection (a).

13 **SEC. 3. EXTENSION OF FUTA TAX.**

14 Section 3301 of the Internal Revenue Code of 1986
15 (relating to rate of tax) is amended—

16 (1) by striking “2007” in paragraph (1) and in-
17 serting “2012”, and

18 (2) by striking “2008” in paragraph (2) and in-
19 serting “2013”.

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